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Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: priority theme: review of the first United Nations Decade for the Eradication of Poverty (1997-2006)

Statement submitted by Society of Catholic Medical Missionaries and Sisters of Mercy of the Americas, non-governmental organizations in consultative status with the Economic and Social Council

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31 of 25 July 1996.

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* E/CN.5/2006/1.

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Statement

On Poverty Eradication and Trade

Eradication of extreme poverty, which is the first of the Millennium Development goals, is possible – if developing countries' commitment to good governance is matched by a commitment from partners in the developed countries and international financial institutions to increased development assistance (and foreign direct investment). Overall reduction of poverty calls for a multidimensional approach to Poverty Eradication. Though the last Decade was earmarked to eradicate poverty, what is seen on the ground today, is most developing countries in a quagmire of debt and impoverishment. This is disturbing given the fact that in spite of all the advancement in technologies, millions (1/3 of the world's people) live below the poverty line - on less than a dollar a day.

Many factors contribute to keeping people in poverty. Nations need be serious about eradicating poverty. Trade is an important area for poverty eradication. Trade barriers among developed nations continue to cause havoc for many developing nations. These barriers continue to keep people in poverty. This needs to be addressed without further delay if this essential goal of poverty eradication is to be achieved.

Trade liberalization can increase poverty in low-income countries if not handled carefully. Developing countries should not be forced to follow developed-country agendas. A 1% increase in the developing countries' share of the world exports would lift 128 million people out of poverty. However, the current global trading system discriminates against developing countries and hinders poor country participation in the global economy. The two biggest problems are agricultural policies in rich countries – huge subsides and the access of poor countries to international markets – unfair market tariffs. For years the developing countries of the south have been pleading that the issue of agricultural subsidies be addressed as only a little has been done in this area by rich countries. Even a slight reduction in the total amount of agricultural subsidies in the developed countries would go a long way in bringing millions out of poverty. Tariffs and domestic subsidies of industrialized nations have serious consequences for poor farmers around the globe. Subsidies by rich nations foster over-production and thus lead to dumping food on local markets at prices below production. This creates unfair competition for local farmers in poor countries, who are then unable to sell at fair prices even in their own markets.

Developing countries must have the right to implement trade polices, including tariffs and other import barriers, which promote and protect local agriculture, rural livelihoods, and food–security. Proposals repeatedly put forward by developing countries are not being taken seriously in the trade negotiations.

Increased aid must be complemented by trade reform. For developing countries to boost economic growth through trade, the main barriers to their exports need to be removed. Tariffs imposed by wealthy countries especially in agriculture and manufactured goods, must be lowered or eliminated. The $350 billion in subsidies and other support that developed countries provide each year to their domestic agricultural producers must be cut. These distort markets

and reduce the potential export earnings of 70 per cent of the world's poorest people who live in rural areas and rely on farming to survive.

Fair trade, even more than aid, is necessary in fostering more equitable international trade and development. There is a direct link between human rights, trade and development policy of national as well as the WTO, the World Bank, the IMF and regional development institutions, the corporate sector and development practitioners.

Levels of Official Development Assistance though promised 35 years ago to reach 0.7% of GDP, which would have enabled people to stand on their own feet has never been reached and been on the decline. Certain regions, especially in Africa will not be able to help themselves if initial aid is not provided. Talk of poverty eradication needs to be followed by increase in ODA. Development aid and private charitable donations are the main source of external financing for many of poorest countries.

While official development assistance reached $79 billion in 2004 much more is needed. On the average, aid remains at 25 cents out of every $100 of the donor countries' national income. Aid should not be tied to trade; delinking the two is crucial for poverty eradication.
The greater part of the population of low-income countries engages in agriculture for a living. For those countries working on eradication of poverty it is essential that they resort to labor-intensive mechanisms whereby more people are employed. The global trading system can contribute to employment growth by facilitating the flow of export of goods. The global trading system needs to be fair. There need to be safety nets for the poor, so that they do not fall between the cracks in the trading system. Removing basic food staples from trade agreements altogether would be more helpful and go a long way in reducing poverty.

Liberalization: Individual countries should be free to decide which sector they themselves want to liberalize and not be dictated to from outside. Developing countries should not be forced to privatize their essential services like water, health care and education.

If a country needs to address the poverty issues, it is important that the country be free to set its own development priorities and not be dictated by International Financial Institutions. Conditionalties imposed on developing countries by International Financial Institutions through liberalization policies have exposed workers in formerly protected industries to unemployment and poverty.

International Financial System and Development:
The issue of reform of global economic governance to strengthen the voice and participation of developing countries in international economic decision-making and norm-setting is of critical importance. One key factor for poverty eradication is the active participation of developing countries, particularly small developing countries, in decision-making process of international economic, trade and financial institutions, including the Bretton Woods Institutions and the World Trade Organization.

The review of the Decade for the Eradication of Poverty ought to be used well to creatively come up with viable solutions to the problems that nations and peoples have not addressed effectively the past ten years.

Recommendations

- Developed countries need to set firm and monitorable time-line for the elimination of export and trade distorting subsidies.
- Developing countries should be allowed to use safeguard mechanisms to protect food security, rural livelihoods and development for poverty reduction.
- Set human rights approach and commitment to ensure more equitable trade and development policies.
- Develop recommendations for policy makers and trade development experts on issues such as health, equity, agricultural subsidies and rights based approaches for reform of multilateral institutions.
- Calls for the implementation of MDG 8, for an open trading and financial system, and more generous aid for poverty reduction. With political will a global deal on Aid, Trade and Debt Relief is possible. This would call for cooperation with the private sector to address youth unemployment, ensure access to affordable, essential drugs.

Note: Statement endorsed and supported by Anglican Consultative Council, Congregation of Our Lady of Charity of the Good Shepherd, Congregations of St. Joseph, Dominican Leadership Conference, Grail, Loretto Community, Temple of Understanding and UNANIMA International, non-governmental organizations in consultative status with the Economic and Social Council.